

**STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

IN THE MATTER OF:

**STEVEN DAVIS
6320 LORAIN STREET
ROMULUS, MI 48174**

MAHS Reg. Nos.: 15-016858 and
15-015061
Issue No.: 2001
Agency Case No.: 119305771
Hearing Date: October 12, 2015
County: Wayne-District 19

ADMINISTRATIVE LAW JUDGE: Alice C. Elkin

Following Claimant's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 45 CFR 99.1 to 99.33; and 45 CFR 205.10; and Mich Admin Code, R 792.11002. After due notice, an in-person hearing was held on October 12, 2015, in Inkster, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Health and Human Services (Department) included Valarie Foley, Hearing Facilitator.

ISSUE

Did the Department properly determine Claimant was eligible for Medical Assistance (MA) benefits subject to a \$1,074.00 monthly deductible?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. Claimant was an ongoing recipient of full-coverage MA under the Healthy Michigan Plan (HMP).
2. Claimant began receiving \$1,469.00 in monthly Retirement, Survivors and Disability Insurance (RSDI) benefits in January 2015 (Exhibit C).
3. In connection with a redetermination, the Department sent Claimant a Health Care Coverage Determination Notice on July 27, 2015, notifying him that he was eligible for MA subject to a \$1,074.00 monthly deductible (Exhibit A).
4. On August 11 and August 19, 2015, Claimant filed requests for hearing disputing the Department's actions concerning his MA case.

CONCLUSIONS OF LAW

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), Department of Health and Human Services Reference Tables Manual (RFT), Department of Health and Human Services Medicaid Provider Manual (MPM), and Department of Health and Human Services Emergency Relief Manual (ERM).

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act, 42 USC 1396-1396w-5; 42 USC 1315; the Affordable Care Act of 2010, the collective term for the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152; and 42 CFR 430.10-.25. The Department (formerly known as the Department of Human Services) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

As a preliminary matter, it is noted that Claimant submitted two hearing requests concerning his MA case. The Michigan Administrative Hearing System (MAHS) registered the August 11, 2015, hearing request under Registration No. 15-015061 and the August 19, 2015, hearing request under Registration No. 15-016858. At the hearing, Claimant testified that both hearing requests concerned the closure of his "Meridian" plan. The Department confirmed that Meridian was the insurance carrier for Claimant's HMP case. Based on Claimant's representations, both hearings were consolidated and this Hearing Decision addresses both hearing requests, specifically the closure of Claimant's HMP case and his coverage under the MA deductible case.

HMP provides MA coverage to individuals who (i) are 19 to 64 years of age; (ii) have income at or below 133% of the federal poverty level (FPL) under the Modified Adjusted Gross Income (MAGI) methodology; (iii) do not qualify for or are not enrolled in Medicare; (iv) do not qualify for or are not enrolled in other MA programs; (v) are not pregnant at the time of application; and (vi) are residents of the State of Michigan. Department MPM, Healthy Michigan Plan, § 1.1.

To be income eligible for HMP, a client's household's income may not exceed 133% of the FPL applicable to his group size. A determination of group size under the MAGI methodology requires consideration of the client's tax status and tax dependents. In this case, the evidence showed that Claimant was the sole member of his household. There was no evidence that he claimed any tax dependents. Modified Adjusted Gross Income (MAGI) Related Eligibility Manual, § 5.2, *available at* http://www.michigan.gov/documents/mdch/MAGI_Manual_457706_7.pdf. 133% of the annual FPL in 2015 for a household with one member is \$15,654.10. <http://aspe.hhs.gov/POVERTY/15poverty.cfm>. If an individual is within 5% of the FPL for the applicable group size, a disregard is applied, making the person eligible for MA. MAGI Related Eligibility Manual, § 7.2. Therefore, Claimant is income-eligible for HMP if his annual income does not exceed \$15,654.10, or, with the 5% disregard, if his annual income does not exceed \$16,242.60.

In this case, Claimant receives gross monthly RSDI income of \$1,469.00 (Exhibit C). When this monthly figure is multiplied by 12, Claimant's annual RSDI income is \$17,628.00. Because Claimant's income exceeds the income eligibility limit for HMP eligibility, even when the 5% disregard is applied, the Department properly concluded that Claimant was no longer eligible for MA coverage under the HMP plan.

Because Claimant receives RSDI based on a disability, he is eligible for MA under a SSI-related MA program, which is available for individuals who are blind, disabled or over age 65. BEM 105 (October 2014), p. 1. Individuals are eligible for Group 1 full-coverage MA, with no deductible, if their income falls below the income limit, and eligible for Group 2 MA coverage, with a deductible that must be satisfied before MA is activated, when their income exceeds the income limit. BEM 105, p. 1.

Ad-Care coverage is an SSI-related Group 1 MA category, which must be considered before determining Group 2 MA eligibility. BEM 163 (July 2013), p. 1. Income eligibility for Ad-Care is dependent on MA fiscal group size and income. Claimant, who is unmarried, has an MA fiscal group size of one. BEM 211 (January 2015), p. 5. Effective April 2015, an MA fiscal group with a single member is income-eligible for full-coverage MA under the Ad-Care program if the group's net income is at or below \$1,000.83. BEM 163, p. 2; RFT 242 (May 2015), p. 1.

In determining an MA group's net income for MA purposes, the Department begins by considering the gross monthly income the group receives, which includes gross RSDI income. BEM 503 (July 2015), p. 28; BEM 530 (January 2014), p. 2. Claimant's net income is calculated by reducing his unearned income by a \$20.00 disregard. BEM 541 (January 2015), p. 3. Claimant's gross monthly RSDI income of \$1,469.00 reduced by the \$20.00 disregard results in net monthly income of \$1,449.00. Because Claimant's net monthly income exceeds the limit for Ad-Care eligibility, the Department acted in accordance with Department policy when it concluded that Claimant was not eligible for full-coverage SSI-related MA under the Ad-Care program.

Clients who are ineligible for full-coverage MA coverage because of excess income are eligible for Group 2 MA coverage, which provides for MA coverage with a deductible. BEM 105, p. 1. The deductible is in the amount that the client's net income (less any allowable needs deductions) exceeds the applicable Group 2 MA protected income levels (PIL); the PIL is based on the client's shelter area and fiscal group size. BEM 105, p. 1; BEM 166 (July 2013), p. 2; BEM 544 (July 2013), p. 1; RFT 240 (December 2013), p. 1.

The monthly PIL for a client in Claimant's position, with an MA fiscal group size of one living in Wayne County, is \$375.00. RFT 200 (December 2013), pp. 1-2; RFT 240, p. 1. Thus, if Claimant's monthly net income (less allowable needs deductions) is in excess of \$375.00, he may become eligible for MA assistance under the deductible program, with the deductible equal to the amount that his monthly net income, less allowable deductions, exceeds \$375.00. BEM 545 (January 2015), p. 2.

In this case, the Department presented an SSI-related MA budget showing the calculation of Claimant's deductible which was reviewed with Claimant at the hearing (Exhibit B). As

discussed above, Claimant's net income for MA purposes is \$1,449.00. Net income is reduced by health insurance premiums paid by the MA group and remedial service allowances for individuals in adult foster care or home for the aged. BEM 544, pp. 1-3. In this case, at the time the Department calculated Claimant's MA eligibility, Claimant was not responsible for Part B Medicare premium, and he verified at the hearing that he did not have any other health insurance premiums. Because Claimant did not have medical insurance expenses and he did not reside in adult foster care or home for the aged, there were no allowable expenses. Claimant testified that the Part B Medicare premium would be deducted from his RSDI income beginning November 2015, and he was advised to report and verify this change to the Department so that his deductible could be recalculated to take into consideration this allowable expense.

Because Claimant's countable income of \$1,449.00 at the time of the Department's calculation exceeded the applicable \$375.00 PIL by \$1,074.00, the Department acted in accordance with Department policy when it concluded that Claimant was eligible for MA coverage subject to a monthly \$1,074.00 deductible.

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it determined Claimant's MA eligibility and calculated his deductible.

DECISION AND ORDER

Accordingly, the Department's decision is **AFFIRMED**.



Alice C. Elkin
Administrative Law Judge
for Nick Lyon, Director
Department of Health and Human Services

Date Mailed: **10/20/2015**

ACE/jaf

NOTICE OF APPEAL: A party may appeal this Hearing Decision in the circuit court in the county in which he/she resides, or the circuit court in Ingham County, within 30 days of the receipt date. A copy of the claim or application for appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Hearing Decision from MAHS within 30 days of the mailing date of this Hearing Decision, or MAHS **MAY** order a rehearing or reconsideration on its own motion. MAHS **MAY** grant a party's Request for Rehearing or Reconsideration when one of the following exists:

- Newly discovered evidence that existed at the time of the original hearing that could affect the outcome of the original hearing decision;

- Misapplication of manual policy or law in the hearing decision which led to a wrong conclusion;
- Typographical, mathematical or other obvious error in the hearing decision that affects the rights of the client;
- Failure of the ALJ to address in the hearing decision relevant issues raised in the hearing request.

The party requesting a rehearing or reconsideration must specify all reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration. A request must be *received* in MAHS within 30 days of the date this Hearing Decision is mailed.

A written request may be faxed or mailed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088 and be labeled as follows:

Attention: MAHS Rehearing/Reconsideration Request

If submitted by mail, the written request must be addressed as follows:

Michigan Administrative Hearings
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-8139

cc: Steven Davis
Latasha Newell
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